

**PUBLIC OVERSIGHT HEARING ON  
THE FISCAL YEAR 2005 AND 2006 SPENDING AND  
PERFORMANCE BY THE OFFICE OF THE CHIEF  
FINANCIAL OFFICER (OCFO)**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**February 27, 2006, 2:00 p.m.  
John A. Wilson Building  
Council Chamber**



**Testimony of  
Jeanette A. Michael  
Executive Director  
D.C. Lottery and Charitable Games Control Board**

**Natwar M. Gandhi  
Chief Financial Officer  
Government of the District of Columbia**

Good afternoon, Chairman Evans and members of the Committee on Finance and Revenue. I am Jeanette Michael, executive director of the D.C. Lottery and Charitable Games Control Board. Today, I am accompanied by William Robinson, the Lottery's agency fiscal officer, and Jeffrey Young, the agency's chief operating officer. I am pleased to present testimony about the Lottery's Fiscal Year 2005 accomplishments and outlook for Fiscal Year 2006.

As a self-supporting agency, we do not spend federal or District tax dollars to operate. The D.C. Lottery's mission is to provide District residents with financial benefits by generating revenue to supplement the District's General Fund through the operation of a lottery and by regulating charitable gaming. Since its inception, the Lottery has transferred nearly \$1.3 billion to the city's General Fund and licensed more than 3,000 non-profit organizations to hold charitable gaming events. These groups have raised more than \$84 million to provide basic services for those in need.

### **FY 2005 Accomplishments**

For Fiscal Year 2005, the agency's budgeted sales goal was \$247 million and its transfer goal was \$73.1 million. We transferred \$71.4 million to the General Fund, while sales reached \$235.6 million.

During the fiscal year, the agency continued to build upon its three core strategic goals. To increase the transfer to the District's General Fund, the Lottery's first goal, we focused on implementing and executing business strategies designed to attract new players, motivate agents to increase lottery sales, and launch new,

creative games. Accordingly, the Lottery ended Quick Ca\$h™ and launched DC Daily 6™, increased Keno locations in social settings, and provided agents and terminal operators with incentive programs geared toward growing sales.

With our second goal, the Lottery is tasked to improve the ability of employees to be a highly trained, motivated, and effective workforce, one that meets the needs of internal and external customers. By completing the restructuring of the agency, improving customer service, strengthening the agency's project management process, and developing performance metrics for staff such as the Lottery's Scorecard, the Lottery is transforming into a more proficient business operation. The Lottery's accomplishments are highlighted in articles in major daily newspapers and community publications. Many lottery industry publications wrote articles about our achievements, as our industry peers continue to recognize our efforts. Staff participated as presenters at most of the lottery conferences throughout the year, and the agency was recognized at the annual North American Association of State and Provincial Lotteries conference, where we won the following awards: Special Events Promotion for the Negro Leagues Instant Scratch ticket; Powers Award to Jay Young, chief operating officer; and the Ott Brown scholarship award to Joyce Moreland, product developer.

And, last fiscal year, the Lottery continued to improve its customer service by focusing on the quality and effectiveness of our relationships with key constituents and community partners. Most importantly, the agency improved its response time to public inquiries.

As the licensing agent for charitable gaming in the District, the Lottery licensed 144 non-profit organizations to hold charitable gaming activities. Lottery staff

continued to educate charitable organizations on the use of raffles, bingo, and Monte Carlo Night Party events to raise money. These organizations raised \$4.6 million in Fiscal Year 2005 to support programs for worthy causes.

During Fiscal Year 2005, the Lottery continued to support the men and women who sell our lottery products. Our sales representatives held Customer Appreciation Days at different agent locations throughout the city to thank our loyal players, as well as inform others about the exciting games that we offer. We also held Keno Night Out parties at different venues to spark D.C. Keno™ sales. Agents and players alike enjoyed the nights out, which encouraged people to play Keno and increased awareness about the Lottery as part of the District's entertainment industry.

### **FY 2006 Developments**

For Fiscal Year 2006, the D.C. Lottery has an approved budget of \$251 million and a projected general fund transfer of \$72 million. Current forecasts indicate that the D.C. Lottery will meet its record \$250 million sales goal. In fact, year-to-date sales are up 13%. The Lottery has experienced an extremely high prize payout for the first four months of the fiscal year. Accordingly, the agency transfer goal for this time of the year is under expectations. Nevertheless, the Lottery anticipates that the prize payout percentage will normalize, so we will meet our transfer target. A few contributing factors to our success this fiscal year are:

- New game launches: Since August, the agency has released two new games into the marketplace – Rolling Cash 5™ and DC Daily 6.

- Unique advertising: Our Rolling Cash 5 commercial featuring D.C. music icon Chuck Brown is credited with generating excitement about the Lottery.
- Earned media: In the first quarter of the fiscal year, the agency generated nearly \$1 million in free advertising.
- High POWERBALL jackpots: The POWERBALL jackpot has surpassed \$300 million twice since October.

Before I close, I would like to thank the Lottery's agents, Advisory Council, and staff for their contributions to the agency's success in Fiscal Year 2005. I look to them again to support the agency's Fiscal Year 2006 goals.

Mr. Chairman, thank you for this opportunity to present testimony on the performance of the D.C. Lottery and Charitable Games Control Board. We are pleased to respond to any questions.